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OTHER FUNDS AND PROGRAMMES

United Nations Capital Development Fund: Options and modalities for mobilizing additional resources as well as ways and means for closer cooperation with other multilateral financing institutions

Report of the Administrator

I. PURPOSE

1. The present report, in pursuance of Governing Council decision 93/32, describes the efforts made by the Administrator to explore all options and modalities for mobilizing additional resources and closer cooperation with multilateral financing institutions. It should be noted that the Administrator will submit the more substantive, biannual report on the United Nations Capital Development Fund (UNCDF) in 1995.

II. MOBILIZING ADDITIONAL RESOURCES

2. To date, UNCDF has contacted 16 donor Governments requesting a list of potential non-traditional sources of funding (non-governmental organizations (NGOs), foundations, local development institutions). As a result of this exercise, UNCDF has written to 10 institutions, and is carrying on a dialogue with three NGOs in order to explore the possibility of complementary funding whereby NGOs complement UNCDF capital investment programmes with technical cooperation in areas where the NGOs have local linkages and expertise.

3. UNCDF has held preliminary discussions with several foundations about their potential support to UNCDF. There appears to be scope for funding from the foundation sector; however in order to exploit it, UNCDF must undertake a systematic and concerted resource mobilization effort concentrating solely on this sector.

4. In pursuance of other financing sources, UNCDF also contacted the Government of Belgium concerning the potential for co-financing through their Survival Fund, which is geared towards poverty alleviation in least developed countries (LDCs). Four project proposals have been submitted for their consideration, and the prospects for co-financing are promising.

5. UNCDF has been in regular contact with the Caisse française de développement. This has been valuable and may lead to jointly financed projects.

6. In light of the close cultural and historical ties between the Arab States and many UNCDF programme countries, UNCDF has renewed its contact with the Arab Development Funds.

7. UNCDF initiated discussions with the International Union of Local Authorities (IULA) and has proposed tripartite funding arrangements involving UNCDF, IULA members and interested bilateral donors for several programmes in Africa.

III. CLOSER COOPERATION WITH MULTILATERAL ORGANIZATIONS

8. Since 1989, there has been a substantial level of joint programming with multilateral organizations; UNCDF co-financed a housing project in Chad with the World Bank and a seed-production project in Mauritania with the Organization of Petroleum Exporting Countries (OPEC).

IV. CONCLUSION

9. UNCDF will continue to pursue co-financing arrangements with multilateral organizations targeting country and sectoral interests and accelerate efforts to tap non-traditional sources of funding. In addition, the Administrator will examine with the Executive Board the possibility of expanding UNCDF loan activities in light of the good repayment rates on loans to Nepal (provincial bio-gas scheme) and Botswana (road construction/water supply for tourism).

10. The Administrator believes that UNCDF should be much larger and more vital and more complementary to UNDP as a whole if the United Nations development missions are to be fulfilled. He believes that changes can be made in the missions and objectives of UNCDF that will make possible much greater resource mobilization and country impact. He is working with UNCDF now to develop proposals along these lines, and will present them to the Executive Board in due course.

V. EXECUTIVE BOARD ACTION

11. The Executive Board may wish to take note of the report and encourage the United Nations Capital Development Fund to continue its efforts to identify increased sources of financing, including those from non-traditional donors.